

Old Age, Disability, Death

First law: 1889.

Current laws: 1911 (insurance code), 1957, and 1973.

Type of program: Social insurance system.

Exchange rate: U.S.\$1.00 equals 1.56 marks.

NOTE: Following the unification of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR), on October 3, 1990, the social security system of the FRG remained in force while the system of the GDR continued to apply on an interim basis within the former GDR territory. Subject to certain transitional provisions, the FRG and GDR systems were merged effective January 1, 1992. In the discussion that follows, provisions applicable in the new Eastern states as of January 1, 1995, will be noted after the corresponding FRG provisions and will be preceded by the designation "E-". Pensions awarded under the provisions of the GDR system prior to reunification continue to be paid, and in some transitional cases the old GDR benefit formula continues to be used. The GDR provisions in effect immediately prior to reunification are therefore summarized at the end of this section.

Coverage

Employed persons (including apprentices), certain self-employed, persons receiving child-rearing credits, and recipients of social benefits (such as unemployment benefits) and after April 1, 1995, recipients of nursing care benefits.

Separate systems for wage earners and salaried employees, with identical provisions.

Special systems for self-employed persons, miners, public employees (supplementary insurance), and farmers.

Voluntary affiliation for all others age 16 or older currently exempt from compulsory insurance, including German citizens residing abroad and resident aliens.

Source of Funds

Insured person: 9.3% of earnings; none if earnings below DM 610 (E-DM 500) a month; self-employed, 18.6%.

Employer: 9.3% of payroll; 18.6% if employee earns below DM 610 a month (E-DM 500).

Government: Annual subsidy of about 20% of total cost of pension insurance.

Maximum earnings for contribution purposes: DM 93,600 a year (E-DM 76,800); minimum, DM 580 a month (E-DM 470).

Qualifying Conditions

Old-age pension: Age 63 with 35 years of coverage; age 65 with 5 years; or age 60 with 15 years of coverage and unemployed 1 year in the last 18 months or for women if they have 10 years of compulsory coverage after age 40; and for severely disabled individuals at least age 60 who have a minimum of 35 years of coverage.

Choice of partial retirement at 2/3, 1/2 or 1/3 of pension. For partial pensions the amount of allowable earnings is determined by the percentage of benefits filed for, and the amount of earnings in the calendar year prior to the beginning of the pension or the minimum level for contributions (E-requires age 65 for men, age 60 for

women, and at least 15 years of compulsory coverage. Additionally women with 5 or more children meet the eligibility requirements.) Benefits reduced 30% to aliens while residing abroad, except under agreement.

Disability pension: General disability, incapacity for any gainful activity. Occupational disability, 50% reduction of earning capacity in usual occupation. Total of 60 months coverage and 36 months of contribution out of last 5 years. (E-minimum loss of 2/3 earnings capacity).

Minimum income pension: 25 years covered employment.

(E-minimum benefit with eligibility for old age pension and less than 15 years of coverage).

Survivor pension: Deceased had 60 months of coverage or was pensioner at death. (E-Deceased met requirements for a pension and survivor was dependent on the worker.) Widow must be age 60, widower age 65. Payable earlier if disabled or raising children.

Old-Age Benefits

Old-age pension: The total of earnings points multiplied by the pension factor and by the pension value, where:

- 1 earnings points are the individuals annual earnings divided by the average earnings of all contributors,
 - 2 the pension factor is one, and
 - 3 pension value is the monthly benefit amount for one year's average covered earnings, adjusted for changes in wages.
- The amount as of January 1995 was DM 46 (E-DM 35.45).

For delayed retirement after age 65, an added factor of 1.0 plus .005 for each month is used to increase the benefit.

Adjustment: Benefits adjusted annually for changes in wages (E-semi-annually).

Permanent Disability Benefits

Disability pension: for general disability, same as old-age benefits; for inability to perform previous employment, pension factor is 0.667.

If disability occurs before age 55, as though all periods from time of disability to age 55—and 1/3 of the periods from age 55-60 up to a maximum of 20 months—were periods of insurance.

Adjustment: See old-age pension.

Survivor Benefits

Survivor pension: Same as old-age pension. 100% of insured's pension payable for 3 months. Thereafter, 60% of pension if age 45, disabled, or caring for at least 1 child; otherwise 25%. Payable to widow or widower. (E-Widow or widower's benefit equals 60% of the worker's disability pension, payable without minimum benefit for 2 years.)

Orphans: 10% of insured's general disability pension for orphan; 20% for full orphans. Supplement depending on length of coverage plus other factors. (E- 30% of worker's pension, without supplements.) Payable to orphan age 18-25 if apprentice and net income less than limit, for higher income, 40% is offset against pension.

Maximum survivor pensions: 100% of general disability pension of insured.

Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision.
23 state and 2 special insurance institutes, administration of wage earners' program; Federal Salaried Employees' Insurance Institute, administration of salaried employees' program.

Sickness funds collect contributions for employees, others (self-employed, etc.) pay directly to the pension fund.

Sickness and Maternity

First law: 1883.

Current laws: 1911 (insurance code) and 1927 (maternity benefits):

Last revised 1980/1982. 1994 (**Long-term care**).

Type of program: Social insurance system. Cash and medical benefits.

Coverage

All wage earners, apprentices, unemployment beneficiaries, salaried employees and some categories of self-employed persons earning up to DM 70,200 a year (E-DM 57,600). Pensioners and students covered for medical benefits.

Special systems for miners, artists, public employees, and self-employed farmers.

Voluntary coverage for salaried employees earning more than DM 70,200 (E-DM 57,600) a year and some groups earning less.

Long-term care: All persons covered by the statutory sickness insurance scheme, persons covered by their employer in private sickness insurance and some special groups. Persons with private health insurance must buy equivalent private coverage.

Source of Funds

Insured person: 4.0% to 8% of covered earnings, according to fund (no contribution if earnings less than DM 610 a month). Pensioners contribute 6.7% of pension (E-6.5%).

Employer: 4.0% to 8% of payroll (up to earnings ceiling), according to fund (8.0% to 16% for employees earning less than DM 610 a month).

Government: Subsidy for maternity benefits; benefits for unemployed and persons in authorized training; also subsidy for pensioned farmers' and students' health benefits. Pension system also contributes toward pensioners' medical coverage.

Maximum earnings for benefit and contribution purposes: DM 70,200 (E-DM 57,600) a year. (Adjusted annually to 75% of pension contributions ceiling.)

Long-term care—Insured person: In one State 1%, in the rest, 0.5% of earnings up to statutory maximum for sickness insurance.

Employer: In one State 1%, in the rest 0.5% of earnings up to the statutory maximum for sickness insurance.

Government: Contributes for unemployed, farmers, and students.

Insurance carriers: Carriers of statutory pension insurance make the same contribution as their pensioners who were compulsorily insured for long-term care insurance, 0.5% of pension, and contribute to the long-term care insurance to voluntarily insured pensioners.

Qualifying Conditions

Cash sickness and medical benefits: Membership in sickness fund.

Cash maternity benefits: 12 weeks of insurance, or continuous employment relationship from 10th to 4th month preceding confinement; must be working or excused from work 6 weeks prior to expected confinement.

No minimum employment period for entitlement to medical benefits (except for intensive care needs) and maternity grant.

Long-term care benefits: Members of a care fund who, due to physical or mental illness lasting at least 6 months require considerable assistance in the course of their daily lives. Beginning with 1996, they must have 1 year of membership, rising to 5 years effective the year 2000.

Sickness and Maternity Benefits

Sickness benefit: Employer pays full wage or salary for first 6 weeks. Thereafter, sickness funds pay 80% of covered earnings for up to 78 weeks in 3 years.

Maternity benefit: 100% of covered earnings payable 6 weeks before and 8 weeks after confinement at the same rate as sickness benefit.

Maternity grant: DM 150 or more for each birth, according to fund. Sickness funds provide paid leave up to 5 days a year per sick child under age 8 requiring care by insured, and paid help during hospitalization of insured or spouse if needed for child under age 8 in household.

Workers' Medical Benefits

Medical benefits: Benefits provided to patients by doctors, hospitals, and druggists under contract with and paid by sickness fund.

Includes comprehensive medical and dental care, preventive examinations and treatment, lab tests, maternity care with midwife or doctor, hospitalization, surgery, appliances, prescribed medicines, and transportation costs above DM 5. Co-payment required for medicines of DM 3 (E-DM 1). Totally disabled receive home health care or a monthly payment of DM 400. Some funds provide additional benefits. Duration: No limit. Home care for the totally disabled is limited to 4 weeks per year.

Dependents' Medical Benefits

Medical benefits for dependents: Same as for insured.

Female dependents receive lump-sum maternity grant of DM 150 for each birth.

Long-term care benefits: Cash benefits of DM 400, DM 800 or DM 1,800, depending on the degree of personal care required. Higher benefits in kind, with combinations of benefits in cash/kind available. Also additional benefits for supplies, day/night care, short-term care, residence modification to accommodate the handicapped, etc. A new, and higher benefit for those totally immobilized will enter into effect January 7, 1996.

Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision.
Federal Insurance Institute, supervision of federal health insurance.
State insurance institutes enforce law and regulations in each State.

Administration of contributions and benefits by sickness funds, usually organized by locality, some by enterprise or occupation; funds managed by elected representatives of insured persons and employers, and joined into federations at the State and national level. Regional physicians' associations contract with funds on annual lump-sum payment to provide care for insured. Lump sum apportioned to participating doctors on fee-for-service basis. Inpatient care provided by salaried hospital staff. **Long-term care** provided by separate funds organized by the sickness insurance funds.

Work Injury

First laws: 1884 (work accidents) and 1925 (occupational diseases). Current law: 1963, with numerous amendments. Type of program: Compulsory insurance with semi-private carrier.

Coverage

Employed persons, most categories of self-employed, apprentices, students, children in kindergarten, and family helpers. Special system for public employees.

Source of Funds

Insured person: None.

Employer: Contributions varying according to risk. Average contribution, 1.44% of payroll.

Government: Subsidy to agricultural accident insurance fund and for coverage of students and children in kindergarten.

Maximum earnings for benefit purposes: DM 144,000 a year.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: Same as for ordinary sickness, including payment by employer for first 6 weeks. Thereafter, payment is assumed by the accident insurance fund.

Payable from day after injury to recovery or certification of permanent disability.

Permanent Disability Benefits

Permanent disability pension: 66 2/3% of latest year's earnings, if totally disabled.

Supplement for severely disabled (earnings capacity loss of 50% or more) with no other pension: 10% of basic pension.

Constant attendance supplement: DM 526-DM 2,100 a month. (E-DM400-DM1,601)

Partial disability: Percent of full pension corresponding to earnings capacity loss if 20% or more.

Workers' Medical Benefits

Medical benefits: Comprehensive medical care, occupational rehabilitation, and appliances. Usually financed by sickness fund; exceptionally severe injuries financed by accident fund.

Survivor Benefits

Survivor pension: 40% of earnings of insured if age 45, disabled, or caring for a child; otherwise 30% of earnings. Payable to widow or widower. Income over a certain limit offset against benefits.

Orphans: 20% of earnings for each orphan under age 18 (25 if student or disabled), or 30% if full orphan. Earnings over a certain limit are offset against beneficiaries over age 18.

Parents and grandparents (if needy): 20% of earnings of insured if single beneficiary, 30% if couple.

Maximum survivor pensions: 80% of earnings of the insured.

Death grant: Lump sum of one month's earnings, minimum of DM 400.

Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision. Federal Insurance Institute in Berlin, direct supervision of the state-based accident insurance funds. Industrial and agricultural accident insurance funds, autonomous associations managed by elected employer and employee representatives, act as insurance carriers and administer the program. Employer must affiliate with association for his industry and region. Special accident insurance carriers for public employees.

Unemployment

First law: 1927.

Current law: 1969.

Type of program: Compulsory insurance system.

Coverage

Employed persons, including agricultural workers and homeworkers; also apprentices and trainees.

Exclusions: Casual, limited labor (under 18 hours per week).

Source of Funds

Insured person: 3.25% of covered earnings.

Employer: 3.25% of covered earnings.

Government: Subsidies under employment promotion law and for any deficit; also cost of unemployment assistance and social insurance contributions for unemployed.

Maximum earnings for contribution and benefit purposes:

DM 93,600 a year (E-DM 76,800).

Qualifying Conditions

Unemployment benefit: 360 days of insured employment in last 3 years (180 days for seasonal workers). Registered at employment office, capable of and available for work; working less than 18 hours a week. Unemployment not due to voluntary leaving, misconduct, participation in strike, refusal of suitable job offer, training or retraining (disqualification up to 12 weeks). Construction workers eligible for special benefits when bad weather precludes work between November 1 and March 31 of any year. Special payments available for workers placed on short work week by their employer under specified conditions. Unemployment assistance, based on need, may be available for workers with 150 days employment in last year and who have exhausted their statutory unemployment

benefits. There is also a cash allowance that may be payable to workers participating in a program of further occupational education, retraining or rehabilitation.

Unemployment Benefits

Unemployment benefit: 67% for unemployed with children (60% if no children) of after-tax earnings.

Payable from 1st day for 78 to 832 weekdays according to duration of insured employment and age.

Unemployment assistance (means-tested): 57% (53% if no child) of previous net earnings payable to workers ineligible for regular benefits, and after exhaustion of regular benefits. No limit on duration, but annual qualifying examinations.

Maintenance allowances provided during vocational training, and rehabilitation for work.

Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision. Federal Institute for Labor, autonomous administration of benefits and employment service through regional and local offices. Institute and offices managed by tripartite board and committees. Sickness funds collect contributions. Special federal administration of public employees' funds.

payable only if the family allowances are higher, and then only for the difference.

Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision. Federal Institute for Labor, administration of allowances, through regional and local labor offices.

Former German Democratic Republic

Old Age, Disability, Death

First law: 1889.

Current law: 1979 and 1984.

Type of program: Social insurance system.

Note: The old-age, survivor and disability sections of the former GDR program are being phased out. The GDR law before reunification is being included for reference purposes since many residents in the former GDR are receiving benefits under these provisions.

Coverage

Employed persons (including most public employees), students, and apprentices. Special systems for miners, railway and postal employees, workers in cooperatives, and self-employed persons. Exclusion: Part-time workers earning less than 75 marks a month. Voluntary supplemental system for workers earning over 600 marks a month.

Source of Funds

Insured person: 10% of earnings (special rates for workers in cooperatives, students, and family labor); self-employed normally pay 20% of income.

Employer: 12.5% of payroll (mining employers, 22.5%).

Government: Any deficit.

Maximum earnings for contribution and benefit purposes: 600 marks a month.

Above contributions also finance sickness, maternity, work-injury, and unemployment benefits.

Qualifying Conditions

Old-age pension: Age 65 (men) or 60 (women); miners age 50-65, according to length of employment. 15 years of insurance (5 years if miner or age 50 when first covered), and insurance during 2/3 of period since first entry (rights maintained by payment of monthly fee). Women with 5 or more years of insurance get credit for 1 extra year per child reared after the 3rd. Retirement unnecessary.

Disability pension: Loss of 2/3 of earning capacity. Insurance in last 5 years; otherwise insurance during half of period from age 16 to onset of disability.

Women who have borne 5 or more children entitled to minimum pension at age 60 or if disabled, regardless of work record.

Family Allowances

First law: 1954.

Current law: 1964.

Type of program: Universal system.

Coverage

Residents with 1 or more children.

Special provisions for foreign workers with children living abroad.

Source of Funds

Insured person: None.

Employer: None.

Government: Whole cost.

Qualifying Conditions

Family allowances: Child must be under age 16 (under age 21 if unemployed, registered with an employment office and not in occupational training, 27 if student, no limit if disabled). Regular family allowance requires proof of school attendance. For children above 16 years of age the amount of the children's allowance is dependent on income.

Family Allowance Benefits

Family allowances: DM 70 a month for 1st child, DM 70-130 for 2nd, DM 70-220 for the 3rd child and DM 70-240 for each subsequent child. Higher for families with income below an annually adjusted ceiling.

(Lower rates may be paid if children reside in countries where cost of living is lower.)

In the event child supplements from the statutory work accident or pension programs are paid, a benefit under family allowances is

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Survivor pension: Deceased was pensioner or met insurance requirements for disability pension at death.

Old-Age Benefits

Old-age pension: 140 marks, plus 1% of average monthly covered earnings (2% for miners, 1.5% for workers in postal, railroad, health, and social service sectors) during last 20 years times years of insurance (women get credit for 1 extra year per child; 3 years per child if 3 or more).

Minimum pension: 300 marks a month (370 marks if 45 years of insurance or for mother with at least 15 years of insurance who raised 5 or more children).

Dependents' supplements: 150 marks a month for spouse age 60, disabled, or caring for child under age 3 or 2 children under age 8; and 45 marks a month for each child under age 16 (or student).

Constant-attendance supplement: 20 to 240 marks a month according to degree of incapacity.

Permanent Disability Benefits

Disability pension: 140 marks, plus 1% of average monthly covered earnings (2% for miners) during last 20 years times years of insurance after 1946 (women get credit for 1 extra year per child reared); 0.7% for prior years.

Years under age 65 at onset of disability are credited as 70% of full years.

Minimum pension: 300 marks a month (370 marks if 45 years of insurance).

Dependents' supplements: 150 marks a month for spouse age 60, disabled, or caring for child under age 3 or 2 children under age 8; and 45 marks a month for each child under age 16 (or student).

Constant-attendance supplement: 20 to 240 marks a month according to degree of incapacity.

Survivor Benefits

Survivor pension: 60% of basic pension of insured for widow age 60, disabled, or caring for child. Also payable to disabled or aged widower. Minimum pension, 300 marks a month.

Orphans: 30% of pension of insured for each orphan under age 16 (or student), or 40% if full orphan.

Minimum pension per orphan, 130 marks a month or 180 marks if full orphan.

Maximum survivor pensions: 100% of pension of insured.

Funeral grant: Lump sum of up to 400 marks, according to insured's earnings, for death of worker; lesser amounts for death of family members.

Administrative Organization

Since reunification, the Transitional Insurance Office has handled payment of benefits.

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